The Chancellor arrived at his after-war debt charge of £380 millions by estimating for a gross debt on March 31, 1919, of £7980 millions, which he reduces to a net debt of £6856 millions by deducting half the expected face value of loans to Allies, -•£816 millions, and £308 millions for loans to Dominions and India's obligation. But is he, in fact, entitled to count on receiving any interest at all from our Allies for some years to come after the war ? If not, then on that portion of our debt which is represented by loans to Allies we shall have to meet interest for ourselves. He also gave an imposing list of assets in the shape of balances in hand, foodstuffs, land, securities, building ships, stores in munitions department, and arrears of taxation, amounting in all to nearly £1200 millions.

It is certainly very pleasant to consider that we shall have all these valuable assets in hand; but against them we have to allow, which the Chancellor altogether omitted to do, for the big arrears of expenditure and the huge cost of demobilisation, which is at least likely to absorb the whole of them.

On the whole, therefore, although we can claim that our war finance is very much better than that of our enemies, it is difficult to avoid the conclusion that it might have been very much better than it is, and that it is not nearly as good as it is

represented to be by the optimistic fancy of the Chancellor of the Exchequer*